

New law generally consolidates amortization payment schedules for changes, gains, or losses together with credits in certain side accounts and reamortizes the net outstanding balances for the Louisiana State Employees' Retirement System (LASERS) and the Teachers' Retirement System of Louisiana (Teachers'). Provides for application of certain future gains and contributions to such amortization schedules and other components of annual required employer contributions.

Prior law, relative to amortization of the June 30, 1988, unfunded accrued liabilities (UAL) of LASERS and Teachers' provided for payments forming an annuity increasing at 4.5% annually through 2029. Present constitution requires this debt to be eliminated by 2029.

New law consolidates the outstanding 1988 UAL balance of each system with other amortization schedules and credits. Provides for annual payments beginning on July 1, 2010, as further provided by new law. New law retains 2029 payoff date.

Prior law provided for employer contributions to state retirement systems. Provided for amortization payments for changes, gains, and losses of each system.

Prior law, relative to LASERS, provided for annual level-dollar payments over a 30-year period for changes, gains, and losses established before 1999 and after 2003. Provided for 4.5% increasing payments for those established from 1999 to 2003.

New law consolidates the bases established 1999-2003 with other amortization schedules and credits and provides for annual payments beginning July 1, 2010, as further provided in new law ending in Fiscal Year 2040.

Prior law, relative to Teachers', provided for annual level-dollar payments over a 30-year period for bases established before 2001 and after 2003. Provided for 4.5% increasing payments for bases established 2001-2003.

New law consolidates the bases established 2001-2003 with other amortization schedules and credits and provides for annual payments beginning July 1, 2010, as further provided in new law ending in Fiscal Year 2040.

Prior law provided for a minimum employer contribution rate of 15.5% for Teachers' and LASERS until the 1988 UAL is fully funded. Provided for accumulation of the additional employer contributions paid at the 15.5% rate in an employer credit account. Provided that the balance in such account shall earn interest at the actuarial rate of return earned by the system. Provided that the employer credit account shall be used exclusively to reduce the UAL created before July 1, 2004.

New law provides the minimum 15.5% shall apply until the UAL existing on June 30, 2004, is fully funded. Provides that funds in the employer credit account on June 30, 2009, shall be applied to reduce the experience account amortization base established pursuant to new law. Provides that funds allocated to the employer credit account in future years shall be used to reduce the principal in the amortization bases established pursuant to new law.

New law provides for consolidation of existing amortization schedules for LASERS and Teachers'. Provides for favorable changes and gains and the balance of the Texaco Account (also called the "Initial UAL Account") to be applied to the outstanding balance of the 1988 UAL. Provides that for each system this consolidated schedule shall be known as the "original amortization base" and reamortized to 2029 as required by present constitution. Provides for unfavorable changes and losses and the balance in the system's experience account to be consolidated into a single amortization schedule to be known as the "experience account amortization base" for each system and amortized to 2040.

New law provides for application of investment earnings in excess of the system's actuarial assumptions to that system's original amortization base and experience account amortization base. Provides for reamortization after such application.

Prior law provided generally for an experience account for each system. Provides for credits and debits to such account.

New law retains prior law account. Provides for application of the experience account balance of each system as of 6/30/09 to reduce the experience account amortization base created in new law. Provides for the balance to be transferred to a subaccount in the system's Texaco Account and retained there until application to reduce the amortization base.

New law changes term "cost-of-living adjustment" to "permanent benefit increase." Provides that for increases payable on or after 7/1/09, a retiree shall have been retired for one year and have attained age 60.

New law repeals obsolete provisions of prior law.

Effective June 30, 2009.

(Amends R.S. 11:42(B)(5) and (11), 102(B)(1), (2)(b)(i) and (ii) and (c), (3)(b) and (c), and (5), 542(A), (B), (C)(1)(intro para), (2), (3), (4)(a)(intro para), (b)(intro para), and (c), (5)(a)(i) and (b), and (E), and 883.1(A), (B), (C)(1)(intro para), (2), (3), (4)(a)(intro para), (b)(intro para), and (c), (E), and (F); adds R.S. 11:102.1, 102.2, 542(C)(4)(d) and (e) and (F), and 883.1(C)(4)(d) and (e) and (G); repeals R.S. 11:542(D) and 883.1(D))